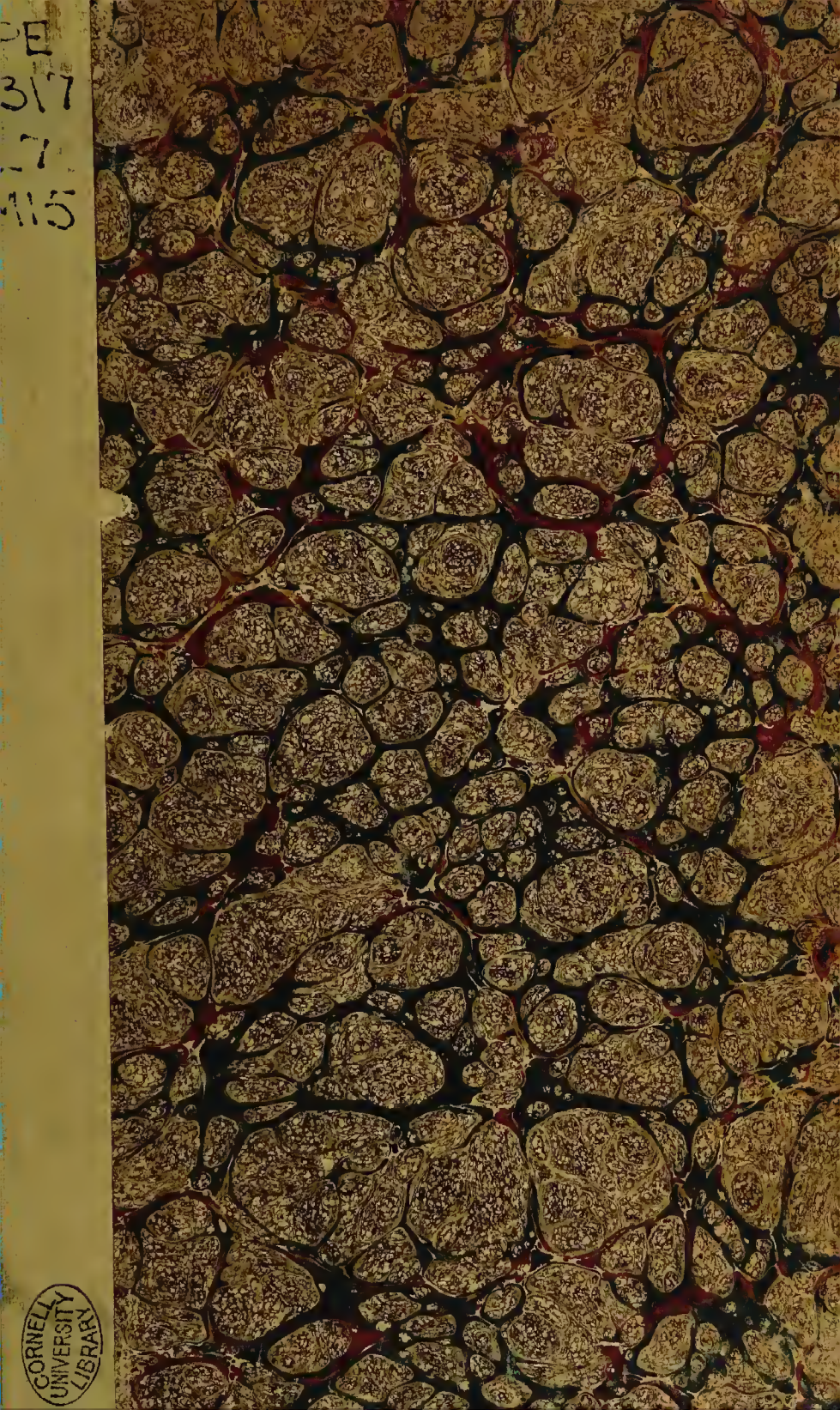
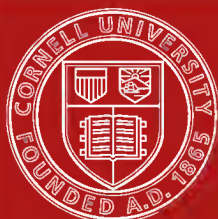




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Money to "Loan"

*The status of "loan"
as a verb*

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Money to "Loan"

The status of "loan"
as a verb.

BY

EDWIN F. MACK



CHICAGO
ROGERS & WELLS
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THE sign "Money to Loan," displayed by one of our metropolitan banks in its investment department, recently gave rise to an interesting discussion as to the propriety of using *loan* as a verb. On the one side it was contended that the only permissible expression is "Money to Lend" and the professor of English in one of our leading eastern universities was quoted to the effect that the verb *to loan* is an illegitimate and therefore thoroughly unwelcome new-comer in our language, to be shunned by all who would "keep the well-springs of English undefiled." The professor in turn refers to Richard Grant White in support of his own position. The professor of English language and literature in another prominent university characterized the verb *loan* as 'unnecessary and to be avoided, because we already have *lend*', while other professors thought its use was entirely proper. The question was submitted to three eastern newspapers, but their answers, likewise, showed no agreement. One of the three journals, a New England daily, pronounced the verb *loan* "objectionable", while the second, a New York daily, considered it "pretty well established." The third paper, also a New England daily, could see nothing at all objectionable in the use of *loan* as a verb.

This conflict of opinions would seem to invite a further inquiry into the subject.

Richard Grant White, writing in 1869, says in his "Words and Their Uses" (published in 1872): "*Loan* is not a verb, but a noun. . . . The word is the past participle of the Anglo-Saxon *laenan*, to lend, and therefore of course means lent." Mr. White is perhaps alone in his contention that *loan* is the past participle of the old form of the verb *lend*. *Loan* is the modern form of the Anglo-Saxon noun *laen* or *lân* (a loan) and is now, as it was then, used both as a

noun and as a verb. For in the old Anglo-Saxon we find the noun *laen* and the verb *laenen*, meaning *loan*. We are no worse off today with the two verbs *lend* and *loan* for practically the same meaning than were the old Anglo-Saxons with their two verbs *laenen* and *lihan*, both meaning to *lend*.

There is nothing unusual in the fact that *loan* is used both as a noun and as a verb, for this double use is very common in our language. Thus we can say: "The city is encumbered with heavy bonds" or "The city is heavily bonded"; "He left his stock as a pledge" or "He pledged his stock"; "He placed a mortgage upon his farm" or "He mortgaged his farm" and "He made a loan of \$100.00 to his brother" or "He loaned his brother \$100.00."

There appears to be a closer connection in the mind of the people between the thing and the act if they can both be expressed by the same word. "They hurled stones at him and killed him" conveys the thought correctly, but "They stoned him to death" gives it more closely. By a similar process *leniency*, though a longer word, is displacing *lenity*, because to the popular mind the connection is not so clear between *lenient* and *lenity* as it is between *lenient* and *leniency*.

Calvin Thomas, Professor of Germanic Languages at Columbia University, says: "The verb *loan* has nothing to do with any Anglo-Saxon participle but is simply the old noun *lân* (loan) made into a verb, because a large portion of the users of English are not conscious of a connection between *loan* and *lend*, and they want one word to do duty for both." *Loan* as a verb can therefore trace its lineage direct to the Anglo-Saxon noun *laen* and its modern use is justified by its greater directness.

If the purists are going to minutely inspect pedigrees, let them answer for the final "d" in *lend*. The "d" is not found in the infinitive *laenen* from which *lend* is derived, but is an excrescent "d" which has grown to the end of the old Anglo-Saxon form just as the "d" in "sound" has grown to the end of the French word *son* from which *sound* is derived. As Skeats says in his Etymological Dic-

tionary of the English language, "the 'd' was suggested by the form of the past tense and past participle of *laenen* which were respectively *lenede* and *lened*." However, the "d" had no right whatever in any other form than the past tense and past participle and it was only later usage which added it in the infinitive and other forms. Chaucer still says: "*Lene* me your hand" and not "Lend me your hand." It is usage, however, which established the "d," and it is usage again that has now set its seal of approval on *loan* as both verb and noun.

There is room for both *lend* and *loan* in the English language for, as we shall see later, the people make some distinctions in using them. The English language is full of approximate synonyms. The German language, also, has two verbs meaning *to lend*, namely *leihen* and *lehn*, of which the latter is now more common in southern Germany, while the former prevails in northern Germany and is most common in present-day literature.

Dictionaries are supposed to record usage, but they no doubt also exert a reflex influence upon the language in so far as they influence the usage of the individual who refers to them when he is in doubt as to the general usage. There is no single authority more widely recognized and more frequently consulted by the people of the United States than Webster's Dictionary, which gives *loan* both as a transitive and as an intransitive verb. This dictionary, furthermore, uses *loan* as a verb in defining a *bank* as "an establishment for the custody or the loaning, exchange or issue of money." It also defines *discount* as "payment in advance of interest upon money loaned." The annual sale of Webster's Unabridged Dictionary in this country is between eighty and one hundred thousand copies, besides thousands of reprints, and this output probably exceeds, by many thousands, the combined sale in the United States of all the other dictionaries of the English language.

The Standard Dictionary gives *loan* as a transitive verb, meaning "to lend, as money, especially on interest", but adds "Rare, U. S.", that is to say,

it is a rare use of the word in England, but is common in the United States. The Standard Dictionary admits the use of *loan* as an intransitive verb in England as well as in the United States. The Encyclopedic Dictionary, published in London in 1885, gives *loan* as a transitive verb as well as an intransitive verb, meaning "to lend", without any qualifications. The Century Dictionary gives *loan* as a transitive verb, but states that its use as such is "objectionable", although it quotes the Westminster Review as using the expression "the practice of loaning money". It also gives *loan* as an intransitive verb, used in the United States, and notes no objections. Worcester's Dictionary gives *loan* as a transitive verb, meaning "to lend." It states that Todd, in his old dictionary of the English language, said that *loan* as a verb was not then in use, although it is given in Samuel Johnson's still older dictionary as a verb. Worcester goes on to say that *loan* is much used as a verb in this country, and that the use of it is in some degree revived in England. It gives the following quotations where *loan* is used as a verb:

"A gentleman loaned him a manuscript," from the Saturday Magazine, London, 1839.

"Will anyone dare be a party to loan to Russia?" Richard Cobden, member of Parliament, 1849.

"The practice of loaning money." Westminster Review, 1849.

The Imperial Dictionary, London, 1882, gives *loan* as a transitive verb, meaning "to lend," but says that it is not much used in Britain.

Cockcroft's American and English Encyclopedia of Law gives *loan* as a verb and defines it. Bouvier's Law Dictionary, which is standard in this country, defines "discount" as "interest reserved from the amount loaned at the time of making the loan."

It thus appears that the weight of authority of the dictionaries concedes the use of *loan* as a verb, particularly in this country.

Farmer, in his Americanisms, Old and New, page 348, says: "James Russell Lowell, always anxious

to defend the American language, points out that *loan* as a verb was used long ago in 'Albion's England.' Nevertheless, it must still continue to be classed as an Americanism, if wide, exclusive, and almost universal usage can make it so."

Washington Irving, in "Woolfert's Roost and Other Papers," uses the expression—"Loan a few pounds." (See Bartlett's Americanisms, page 362.)

Professor Simon Newcomb, of Johns Hopkins University, in his "Principles of Political Economy," page 161, says: "Since all mercantile transactions are now and then liable to loss, it is necessary that the banks, in order to perfectly secure depositors where money is loaned, should have a guaranteed capital." Likewise, on page 162, he writes—"Now, the bank could loan this money out at interest."

Professor Albert S. Bolles, of the University of Pennsylvania, says in his "Financial History of the United States," volume I, page 219, that "Banks, too, would be likely to loan a considerable portion of their capital stock."

David A. Wells, president of the American Social Science Association, says in his "Recent Economic Changes," page 421: "In 1877 these institutions had \$55,881,882.00 loaned at 7 per cent."

Laurence Laughlin, formerly assistant professor of Political Economy at Harvard (but now professor at the University of Chicago), says in his "History of Bimetallism in the United States," page 187: "Insurance companies and individuals loaned money secured by mortgages on western farms."

John J. Knox, in his "United States Treasury Notes," page 2, says that "the issue of paper money by the Treasury was authorized to the extent of 50,000 pounds, to be loaned on good mortgages."

J. H. Walker says in his "Money, Trade and Banking," page 25: "The man who loans capital to another necessarily becomes the partner of the borrower."

In "Morse on Banking," the standard legal work on banking in the United States, the author says in his text, Vol. I, page 172: "A national bank that has loaned money on timber land"

A. Gallatin, in his "Considerations on the Currency and Banking Systems of the United States," published in 1831, says: "The banks require that the capital loaned should be actively and constantly employed."

Amasa Walker, formerly lecturer on Public Economy at Amherst College, says in his "Science of Wealth:" "Capital is loaned in two general forms."

"President Hadley of Yale University writes in his "Economics," page 138: "Instead of loaning money at five per cent he could buy a piece of rented land"

Henry Carter Adams, professor of Political Economy and Finance in the University of Michigan, writes in his "Science of Finance," page 518: "Upon what, then, rests the confidence of the public that money loaned to the government is well invested?"

Professor John Fiske, in his "Critical Period of American History, 1783-1789," says on page 170: "They [bills of credit] were mainly loaned to farmers on mortgage"

The following extracts show the editorial usage of *loan* as a verb in American journalism:

"Mrs. Draper has loaned the observatory the 11-inch photographic telescope employed by her husband." The Nation, April 7, 1887.

"The unredeemed pledges . . . brought in for their former owners 27 per cent more than the amount loaned upon them." The Nation, March 8, 1894 (page 172).

"At present national banks are loaning six months money at 4% on high grade collateral." The Financial Age, Oct. 21, 1901 (page 490).

"It will be able to loan money at low rates in times of stress" The Chicago Tribune, Oct. 28, 1901.

"A land-office business is sometimes done by banks in those sections at certain seasons of the year by borrowing . . . and then loaning it out in lots from \$500.00 to \$5,000.00 at 6, 8 and 10%." The New York Commercial, Oct. 22, 1901.

"Lending banks say there is little reason for dropping the rate because no more money could be loaned at 2% than at 2½ or 3%." The Boston News Bureau, Oct. 18, 1901.

". . . the interest of the man who loaned part of the purchase price." The New York Tribune, March 9, 1901.

"These great cities began calling in their surplus capital which had been loaned in other markets . . . ". The Louisville Courier-Journal, Nov. 19, 1901.

"Agricultural banks for the purpose of loaning money . . . ". The Bankers Magazine, November, 1901 (page 693).

"The receiving and loaning out of deposits . . . has become the larger part of the trust companies' business." Political Science Quarterly, June, 1901 (page 252).

"One suggestion . . . is that the money could be loaned to counties to build improved highways." The Washington Post, Nov. 26, 1901.

"At the close of the day money was loaned at six per cent." Chicago Post, May 10, 1901.

"No prudent man would think of loaning his money in such a manner." The Banking Law Journal, November, 1901 (page 807).

"A house which would loan out five millions and a half to the Northern Pacific . . . ". New York Sun, Oct. 4, 1873.

"In a locality where money is loaned on an 8 per cent basis the profit under the present system is figured . . . ". Boston Herald, Dec. 5, 1901.

The advertising columns of the newspapers show the same general use of *loan* as a verb. For instance, the Economist of Nov. 16, 1901, contains ten display advertisements "Money to loan" and not a single one "Money to lend."

In framing the laws of a country there is need of exactness in language. After these laws have been carefully drafted they are considered in detail by a committee of legislators (usually lawyers) and later by the entire legislative body, so that when they have finally been passed their language may

fairly be considered as representing the good common usage of the people.

In 1790 Congress passed a law making provision for the debt of the United States which reads as follows in Chapter XXXIV: "And every subscriber to said loan . . . shall deposit with the commissioner the certificates or notes to be loaned by him." See Dunbar, "Currency, Finance and Banking", (page 15).

In 1818 the State of New York passed a law reading as follows: "No person . . . shall keep any office for the purpose of . . . issuing any evidence of debt to be loaned or put in circulation as money nor shall they issue any bills . . . for the purpose of loaning them." See Gallatin "Some Considerations on the Currency, etc."

The National Banking Law, passed by Congress in 1864, contains these words in Section 8: "A national bank shall have power to carry on the business of banking by loaning money on personal security."

The Illinois State Banking Law, in force Dec. 6, 1888, states in Section 1: "And such banks or banking associations shall have the power to loan money on personal and real estate security."

The Indiana Banking Law, in force March 3, 1893, states in paragraph 19: ". . . no more than ten thousand dollars shall be loaned upon the same security."

The Michigan Banking Law, approved June 23, 1899, speaks, in paragraph 27, of notes "secured by mortgage lien upon unencumbered real estate worth at least double the amount loaned."

The Pennsylvania Banking Law states, in paragraph 137: "Each bank hereby chartered shall loan to the Commonwealth . . .".

The Safe Deposit Loan & Trust Company of Massachusetts states in Section 7: "Provided, also, that all such money or property received, invested or loaned under this section shall be a special deposit in such corporation . . .".

The Trust Company section of the New York State Banking Law of 1887, in enumerating the eleven objects of a Trust Company, says that it

is authorized (2) " . . . to loan money on real or personal securities."

The Banking Law of the state of Connecticut states, in Section 5: "When the loans and discounts of any state bank . . . amount to one-half of its capital stock, it may loan to parties out of this state."

The Rhode Island Banking Law provides in Section 56 that "No money shall be loaned by any institution for savings to any trustee . . .".

The New Hampshire State Banking Law, approved March 22, 1901, says in Section 1, paragraph 2: "But not over fifty per cent of the value of the property covered shall be so loaned."

The Vermont State Banking Law (Section 4102) says: "No savings bank, savings institution or trust company shall loan to any one person . . .".

We find the same prevalence of *loan* as a verb in the language of our courts.

In *MacDonald vs. Crosby*, Chief Justice Wilkins, of the Illinois Supreme Court, says in his opinion (filed Oct. 24, 1901): "It was found that she loaned money, not to her husband individually, but to the firm."

Likewise Justice Ricks, of the Illinois Supreme Court, in *Christopher Columbus Building & Loan Association vs. Joseph Kriete*, speaks in his opinion (filed Oct. 24, 1901) of a "money loaning and a foreign steamship ticket agency."

Justice Field, of the United States Supreme Court, in his opinion in the celebrated *Juilliard* case (No. 9, October Term, 1883) says: "If the government cannot do that, how can it step in and say, as a condition of loaning money, that the lender shall have a right to interfere with contracts between private parties?"

United States District Judge Hall (Northern District, New York) says: "Because the right to loan its credit must involve the right to pay its liabilities". Federal Cases 3574.

Chief Justice White, of the Ohio Supreme Court, in *Taylor vs. Ross* (23 Ohio St., 22, 79) says: "In my judgment a municipality loans its credit to a railway company . . .".

Judge Dillon (United States Circuit Court) asks: "Would not the execution and delivery of such bonds to the railway company be the loaning by the town of its credit to the company?" *Jarrott vs. Maberly*, 5 Dill. (U. S.) 258.

Judge Mullin, of the New York Court of Appeals, speaks of "an agreement, express or implied, to repay the sum loaned" and also says that "the specific thing loaned was to be returned." *Payne vs. Gardiner*, 29 N. Y. 146 (page 167).

Likewise Judge Earle of the New York Court of Appeals, speaks of "two claims, one for the money loaned and one for the bonds pledged." *Roach et al vs. Duckworth*, 95 N. Y. 391 (page 398).

Justice Livingston, of the United States Supreme Court, speaks of "his undertaking to repay the money which the bank had loaned him." *Page vs. Bank of Alexandria*, 7 Wheat 35.

We find the same usage of *loan* as a verb among our statesmen and orators.

William H. Seward says, in his speech in the Senate of New York, April 10, 1834, on the Six Million Loan: "We are about to borrow, at a loss to the state, six millions more, four of which are to be loaned to the same institutions".

Edward Everett, in his speech on Accumulation, Property, Capital and Credit, delivered in Boston on Sept. 13, 1838, says: "If, instead of using his money to build a house, he loans me his money, it is equally just that I should pay him for the use of his money."

Daniel Webster begins a long sentence in his second speech on the Sub-Treasury bill, March 12, 1838, with these words: "Why, sir, if they were obliged to loan the one-quarter part into the hands of the industrious classes . . .".

The purists are well-intentioned, but they might as well attempt to check the rising tide of the ocean as to oppose the tendency of the language to make such use of old words and coin such new words as will most closely express the thoughts involved. In the words of Oliver Wendell Holmes: "After all, the language will shape itself by larger forces than

phonography and dictionary-making. You may spade up the ocean as much as you like, and harrow it afterwards, if you can, but the moon will still lead the tides and the winds will form the surface."

Hall says, in his "Modern English", page 30: "To the purists we have nothing to do but walk in the footsteps of those who went before us. It is, however, the teaching of common sense that language, which man creates, destroys and renews, exists for man. A never-ceasing flux is the very law of its existence; day by day it loses something, day by day it gains something. To restrain its losses, or to discount its gains, is impossible. Being incapable of fixity, if it is not progressive, it must of necessity retrograde and dwindle away."

Isaac N. Demmon, Professor of English Language and Literature at the University of Michigan, says: "Richard Grant White's attempt to purify our speech by reference to origins is wholly futile. Language is constantly undergoing modifications as convenience or tastes may dictate, and *a priori* considerations seldom control these changes. My impression is that 'loan' as a verb is well established."

T. R. Lounsbury, Professor of English Language and Literature in Yale University, whom Brander Matthews calls "one of the foremost authorities on the history of English", and who is the author of the "History of the English Language" says: "There is scarcely any noun that cannot be used as a verb, and, if usage sanctions it, with propriety. There is nothing in the least objectionable in such employment of *loan* on the score of grammar; and I am disposed to believe the use of it is steadily becoming more common, at least in this country. . . . The only objection that can be made to it is that we have already a word doing duty for the verb and that so to employ *loan* also is bringing something unnecessary into the language. But considerations like these never avail much with the users of speech . . . I ought to add that no man's authority can ever outweigh usage, provided it is good usage; and that *loan* as a verb has as respectable an origin as *bank* or *discount* as verbs."

Professor Calvin Thomas, of Columbia University, adds to his remarks previously quoted: "*Loan* as a verb has now become so common and well established in the popular usage of the United States that it seems to me a little finical and over-nice to object to it. People use it all over the country, especially in describing money transactions. Thus, to me personally, it is about equally natural to say—'I loaned him a hundred dollars' and 'I lent him a hundred dollars'. But I think I should almost never say—'I loaned him my overcoat'."

In his preface to "*Words and their Uses*" Richard Grant White says: "Usage in the end makes language", and on page 7 he continues: "The points from which I have regarded words are in general rather those of taste and reason than of history. Of the etymology of words I have said little because little was needed." Nevertheless, his only objection to *loan* was one of etymology, and this etymology was faulty, as has been pointed out; while no points of taste or reason are adduced by him. On the other hand if "usage in the end makes language" the reader may judge for himself, from the foregoing, as to whether the verb *loan* is a part of our language in the United States.

Loan as a transitive verb prevails over *lend* in the United States wherever the thought to be expressed involves a tangible loan in some commercial relation, as, for instance, when we say—"The bank loaned him ten thousand dollars." When the tangible loan is not mentioned in a commercial relation, *lend* is at present scarcely more common than *loan*. In fact, whenever the thing *lent* or *loaned* is to be returned in kind (*in specie*) the use of *loan* is sure to prevail over *lend* in the United States. Even today "I *loaned* him a book" is, perhaps, quite as common as "I *lent* him a book", if not more so. Where the thing lent is intangible, *lend* is always used, except when speaking of commercial transactions. Thus we would always say: "Distance *lends* enchantment", "Her presence *lends* brilliance to the scene", etc. However, we can either *lend* or *loan* our credit.

As an intransitive verb, *loan* occupies the field alone. Thus we can say "Money loaned at 5 per cent yesterday", but we could not say "Money lent, etc."

It thus appears that *lend* and *loan* are not, at present, always interchangeable. *Lend* can be used wherever *loan* is used transitively, but not where it is used intransitively, while *loan* cannot everywhere replace *lend*.

It is freely admitted that in England the expression "Money to Loan" would not at present be good common usage, but we are living in America and are discussing this subject as Americans. It is true we have our Americanisms just as the Englishman has his odd Britishisms. In this connection, De Vere points out in his "Americanisms", page 427, that "The largest part of so-called Americanisms are nothing more than good old English words which for one reason or another have become obsolete or provincial in England, while they have retained their full power and citizenship in the United States."

The American need not hesitate to employ a word in common use here though it is not in common use in England. As Professor Brander Matthews says in his "Americanisms and Britishisms", page 5: "We know now that the mother tongue is a heritage, not a loan; it is ours to use as we needs must. In America there is no necessity to plead for the right of the Americanism to exist. The cause is won. No American writer worth his salt would think of withdrawing a word, or of apologizing for a phrase because it is not current within sound of Bow Bells." "The Englishman in England", he continues on page 12, "is but an older brother of the Anglo-Saxon elsewhere, and by no right of primogeniture does he control the language which is our birthright."

In the face of such a usage in the United States as is indicated by the passages quoted in this paper, it sounds a little strange to be told that we must not say "Money to loan" because, forsooth, '*loan* is a noun' or because 'we already have *lend*'. Words are but tools. Would an American workman hesitate to use a new tool just because he already has one very

much like it, although the new one feels handier to the touch and seems to do the work more easily? That is not a characteristic of the practical American people. In the stores and factories, in the offices of the banker and of the lawyer, in the shops and streets; in the cities, the towns, the villages and on the farms, throughout this country, wherever men make or apply for loans, by letter or in conversation, money is being "*loaned*" in thousands of instances every day; and by whose authority shall it now be stopped and the money hereafter "*lent*"? Who makes the language, if not the people, who use it; and whose property is it if not the people's who make it? Whose convenience but their own need the people consult in using what is of their own creation? The people can be trusted to know what they want, and the objections of a handful of purists will accomplish nothing; they are wasting their time. As Brander Matthews says in his "Parts of Speech": "It is well that the purist should fight for his hand; but it is well also to know that he is fighting a losing battle." The purist should bear in mind the words of Wm. Archer, the Scotch critic, in his "America To-day" (as quoted by Prof. Matthews): "The English language is no mere historic monument, like Westminster Abbey, to be religiously preserved as a relic of the past, and revered as the burial place of a by-gone breed of giants. It is a living organism, ceaselessly busy, like any other organism, in the processes of assimilation and excretion."

This paper is not intended as a plea for license but as a plea for sane liberty; for the good common usage of the people as against the dictum of the academic word-stickler. Language is altogether too democratic in its origin and in its growth to have its functions restricted by the narrow rules of an oligarchy of purists.

